



UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

SYLLABUS DEL CORSO

Business Cycles in The Global Economy. Facts and Theory

2021-1-F5602M004-F5602M008M

Learning objectives

This course is designed to present you key developments in advanced macroeconomic theory, which are used to explain the determination of economic growth, consumption and investment at a global level. Through this course, you will acquire a logical and consistent framework for assessing analytically key macroeconomic issues and develop the ability to employ the correct macroeconomic tool(s) to evaluate specific policy proposals. You will be introduced to inter-temporal dynamic optimization and the related equilibrium concepts. This course aims at providing you with strong mathematical and analytical foundations, for assessing and critically evaluating the impact of different macroeconomic policies.

Having taken this course, you should be able to:

1. Derive analytically and analyze advanced micro-founded models of the economy and explain their main economic intuitions.
2. Be able to interpret the "stylized facts" in the field of macroeconomics using advanced tools of modern macroeconomic theory.
3. Compare and contrast the implications for macroeconomic policy of different economic theories.

Contents

This module is the second part of a the course "Global Macroeconomics". In the first part _____

Detailed program

Prerequisites

The course is self-contained, and all the material will be covered during lectures and tutorials. _____

- _____
- principles of differentiations and constrained optimization
- principles of time-series analysis (standard deviations, correlation, VAR)

For the practical applications. Some previous knowledge of a programming language (such as MATLAB) is not required, but would be useful.

Teaching methods

Lectures are designed to:

- cover together the main points and structure of each topic;
- introduce, apply and analyze the material;
- suggest ways of improving your learning and analytical assessment of the material;
- provide guidance to further research and reading for each topic;

Tutorials are undertaken in parallel with the lectures and are structured so as to develop your quantitative skills and ability to apply the principles of macroeconomics outside the context in which they are introduced in the lectures. Tutorial classes will be held by Dr Bianca Barbaro (bianca.barbaro@unimib.it) and they will be devoted to learning how to code and simulate the dynamic macro models seen during the lectures, through the use of Matlab and Dynare.

Assessment methods

The total mark of the course "Global Macroeconomics" is based on the average from the evaluations of part 1 and part 2 (each part is worth 50% of the total grade). For this part, the grade is determined as follows:

If you have questions about the assessments do not hesitate to contact the Lecturers.

Textbooks and Reading Materials

Suggested Textbooks

Galí, J., "_____

McCandless, G., "The ABCs of RBCs", Harvard University Press, 2008 (ABC)

Readings (additional readings will be distributed during the course)

1. Background and Evidence about Economics Fluctuations

(historical perspective, stylized facts, trend/cycle decomposition, co-movements of GDP and its components)

- Stock, J. and M. Watson (2000): "Business Cycle Fluctuations in U.S. Macroeconomic Time-_____

2. The Real Business Cycle Approach

(the basic model, extensions, the effects of fiscal and monetary policies in the model and in the data, analytical solution methods, numerical solution methods)

- King R. and S. Rebelo (1999): "Resuscitating Real Business Cycles, in Taylor and Woodford, Handbook _____

(empirical evidence sticky-prices, a model nominal price rigidities, equilibrium dynamics under alternative monetary rules, extensions and recent developments)

- JG, Chapter 3

- Christiano, L., M. Eichenbaum, and Charles L. Evans (1999): "Monetary Policy Shocks: What Have We Learned and to What End?", in J.B. Taylor, and M. Woodford eds., Handbook of Macroeconomics, vol. 1A, 65-148.

- Smets, F. and R. Wouters (2007): "Shocks and Frictions in US Business Cycles: A Bayesian -----

- Backus D., P. Kehoe and F. Kydland (1992), "International Real Business Cycles", Journal of Political -----

- Schmitt-Grohe, S. and Martin Uribe (2017), "Open Economy Macroeconomics", Princeton University Press, Chapters 1 and 4.

Semester

II semester - From May 24th to June 11th

Teaching language

English
